

the shareholders was held on July 29, 1905, and
a ^{comitiat}[^]^{"-"}ⁱ was authorized to confer with the government.¹

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The reorganization of the bank changed the name to the Bank of Brazil and fixed the capital at 70,000,000 milreis, of which 22,250,000 went to the old shareholders, 22,250,000 to the government, and 25,500,000 milreis were offered for public subscription.³ The bank was given authority to issue checks payable in gold, receivable for customs, and was made the depository of the funds of the Treasury. Sefior Bulhoes, the Minister of Finance, declared that the time had come for the intervention of the government in the market for foreign exchange, where gold had ceased to be a standard of value and had become a plaything of speculation.³ Already on March 31, 1906, the government had to its credit with the Rothschilds in London £6,469,966, and it was estimated that a large credit balance had been created in favor of Brazil by the importation of foreign capital.⁴

The important step was now taken of creating a gold conversion office (*Caixa de Comersao*), which offered to deliver paper for gold at the fixed rate of 15 pence (30 cents) per milreis. Fears were entertained that gold would not be presented and that the new notes, if issued, would not find their way into general circulation. Only the latter of these doubts was partially verified. The banks put the gold notes into their reserves and paid out the old notes, but the latter remained all through the year 1907 substantially at gold par. The Conversion Office was opened on December 26, 1906, and on December 31, 1907, had issued notes to the amount of 113,730,423 milreis and paid out gold for notes to the amount of 13,688,655 milreis, leaving a balance outstanding of 100,041,748 milreis (\$30,000,000).⁵ The Bank of Brazil in

¹ *J&conomiste Europ&en*, September, 1905, XXVIII., 317.

² *Jzconomiste Europ&en* ^ October 6, 1905, XXVIII., 445.

³ *Le Marche Financier en i905-06*, 769.

⁴ The amount of foreign capital introduced in the three years ending with 1904 was estimated at ^7,600,000 and the net balance created by exportations and otherwise at ^25,312,139.— *Jzconomiste Europken*, January 12, 1906, XXIX., 37.

⁵ *Moniteur des IntMts Mat&rieh*, June 24, 1908, 2075.